

PROPOSED BUDGET FISCAL YEAR 2010-11

PURPOSE

- Present the proposed operating budget for the General Operating Fund, Other General Funds, Special Funds, Utility Funds, and all other funds of the City for Fiscal Year 2010-11.
- “Straw Vote” on all the Proposed Budgets

FY10-11PROCESS TO DATE

- ✓ June 23, 2009: Initial Budget Study Session for FY10-11
- ✓ September 29, 2009: Report on preliminary work done – potential expenditure reductions and process refinement
- ✓ November 4 and 7, 2009: Community Budget Briefing Workshops
- ✓ January 26, 2010: Budget Workshop to review and confirm budget strategy, approach and principles
- ✓ February 23, 2010: Review potential General Operating Fund expenditure reductions
- ✓ April 6, 2010: Review potential revenue/fee for service adjustments and a proposed recreation program cost recovery policy
- ✓ April 13, 2010: Review City Goals
- ✓ April 20, 2010: Review proposed Capital Improvement Program
- ✓ May 4, 2010: GOF Budget Balancing Blueprint; Budget Report-other funds
- ✓ May 25, 2010: Adoption of Capital Improvement Program
- ✓ June 1, 2010: Adoption of Major City Goals
- June 15, 2010: Proposed Budget Public Hearing

STATUS OF FY09-10

- Structural Deficit:
 - Originally projected \$6.0 M structural deficit
 - Reduced to \$1.6 M with adoption of FY09-10 budget (\$ 88.3 M Expenditures / \$ 86.7 M Revenue)
- “Cash” Revenue/Expenditure Balance:
 - Revenues estimated essentially as budgeted
 - Budgeted savings \$2.6 M
 - Current estimated savings \$4.4 M
 - Revenue over expenditure balance plus changes in assets/liabilities = \$266,000

STATUS OF FY10-11

- Structural Deficit:
 - Originally estimated at \$5.0 M
 - Updated to \$4.3 M (due to improved revenue performance)
 - Currently \$4.6 M (if a Status Quo Budget)
 - Proposed FY10-11 Budget Structurally Balanced

PREVIOUS BUDGET BALANCING STRATEGY

• Operational efficiencies	\$ 1.0 M
• Revenue/fee increases	1.0 M
• Compensation cost containment	1.0 M
• Expenditure (service/staffing) reductions (Tier 1)	<u>1.3 M</u>
	\$ 4.3 M

UPDATED “BUDGET BALANCING BLUEPRINT”

• Operational efficiencies	\$ 1.3 M
• Revenue/fee increases	1.0 M
• Compensation cost containment	0.5 M
• Expenditure (service/staffing) reductions (Tier 1 + 5 positions)	<u>1.8 M</u>
	\$ 4.6 M

OPERATIONAL EFFICIENCIES

- Organizational restructuring
 - Cost allocation to appropriate funds
 - Various cost saving measures
 - Renegotiated service contracts
 - Equipment Replacement \$200,000
-
- 3.5 positions eliminated

COMPENSATION COST CONTAINMENT

- Goal = \$1.0 M of \$2.8 M increase
- Meetings with employee organizations
- Outcome to date = \$500,000

EXPENDITURE REDUCTIONS

- ESD/CMO consolidation (0.75)
- FASD contracts and Internal Support (0.5)
- CDD contracts
- PWD Administrative Support (1.0)
- Street Maintenance (1.0)
- PWD Land Development Support
- HVAC Staff (1.0)
- Facilities Maintenance Support
- CSD Clerical (1.0)

EXPENDITURE REDUCTIONS

- Library staff (0.75)
 - Police/Fire Executive Assistant (1.0)
 - Police Assistants (1.5)
 - PAL support
 - Alternative retirement system for hourly employees
-

- 8.5 FTE positions / 1.5 FTE currently filled

ADDITIONAL EXPENDITURE REDUCTIONS

- Supervising Librarian (1.0)
 - Community Services Officer (1.0)
 - Tree Trimmer I/II (1.0)
 - Parks Maintenance Worker III (1.0)
 - Police Records Specialist (1.0)
-
- 5.0 FTE positions / 1.0 FTE currently filled

POSITION REDUCTIONS

3.50 Operational Efficiencies

8.50 Tier 1 Expenditure Reductions

5.00 Additional Expenditure Reductions

17.00 FTE/ 2.5 FTE filled

15.25 FTE from FY 09/10

32.25 FTE positions over 2 years = 5% of total staffing

79.50 Net FTE positions reduced over last 10 years

(since FY01-02), net of IT contract conversion

FEES FOR SERVICES/ COST RECOVERY

- Reduce subsidies for services serving specific audiences
- “Market” pricing
- Lack of sufficient cost recovery will result in greater than otherwise needed reductions to services provided to all residents

MAJOR REVENUE (FEE) CATEGORIES

• Community Development	\$ 55,100
• Community Services:	
• Center for the Performing Arts	36,500
• Forestry	46,600
• Recreation Fees	554,300
• Library Services	200
• Police	221,900
• Public Works	<u>55,100</u>
• Total	\$969,700

GENERAL OPERATING FUND REVENUES

	2008-09	2009-10	2009-10	2010-11
	<u>Audited</u>	<u>Adopted</u>	<u>Estimated</u>	<u>Proposed</u>
Property Taxes	\$ 25,647	25,985	26,349	26,418
Sales Tax	16,264	15,674	15,153	15,664
Other Taxes	9,242	8,786	9,085	9,362
Use of Money & Property	11,480	11,498	10,943	10,708
Other Revenues	23,270	22,654	23,044	23,437
Loan Repayments	<u>2,060</u>	<u>2,060</u>	<u>2,060</u>	<u>2,060</u>
Total Revenues	\$ 87,963	86,657	86,634	87,649

(Dollars in thousands)

GENERAL OPERATING FUND EXPENDITURES

	2008-09	2009-10	2009-10	2010-11
	<u>Audited</u>	<u>Adopted</u>	<u>Estimated</u>	<u>Proposed</u>
Salaries & Benefits	\$68,091	72,276	68,908	71,794
Services & Supplies	13,155	14,108	12,886	13,768
Capital Equip/Repl	1,504	1,400	1,549	1,200
Debt Service	1,020	-0-	-0-	-0-
Self Insurance	<u>809</u>	<u>806</u>	<u>806</u>	<u>828</u>
Total Expenditures	\$84,579	88,590	84,149	87,590
Estimated Budget Savings	-0-	(2,645)	Included	(2,791)
Supplemental Funding:				
Equipment Replacement	-0-	685	685	945
Retirees' Health	<u>-0-</u>	<u>1,636</u>	<u>1,636</u>	<u>1,846</u>
Net Operating Expenditures	\$84,579	88,266	86,470	87,590

(Dollars in thousands)

GENERAL OPERATING FUND BUDGET

	2008-09 <u>Audited</u>	2009-10 <u>Adopted</u>	2009-10 <u>Estimated</u>	2010-11 <u>Proposed</u>
Revenues	\$ 87,963	86,657	86,634	87,649
Expenditures	<u>84,579</u>	<u>88,590</u>	<u>84,149</u>	<u>87,590</u>
Est. Budget Savings	-0-	2,645	Included	2,791
Transfer-Budget Conting.	-0-	1,609	-0-	-0-
Supplemental Funding:				
Equipment Repl.	-0-	(685)	(685)	(945)
Retirees' Health ARC	<u>-0-</u>	<u>(1,636)</u>	<u>(1,636)</u>	<u>(1,846)</u>
Operating Balance	\$ 3,384	-0-	164	59
(Dollars in thousands)				

RESERVES

CARRYOVER BALANCE

Total Estimated Available for Allocation		\$1,745 ¹
Recommended Annual Allocations:		
General Fund Reserve	0 ²	
Limited-Period Exp. FY10-11	(753)	
Compensated Absences	(2,000)	
Transition Funds Needed	<u>(266)</u> ³	
Total Recommended Allocations		<u>(3,019)</u>
Estimated Additional Funding Needed		\$(1,274)

¹Includes \$266,000 est. FY09-10 Operating bal. plus \$1.5 M est. FY09-10 one-time revenue and expenditure savings

²May change depending on final adopted budget expenditures

³6-month position funding of \$128,000 and Revenue phasing of \$138,400

(Dollars in thousands)

BUDGET CONTINGENCY RESERVE

Est. Balance at 6/30/10	\$7,750
Estimated Insufficient Carryover Funding	<u>(1,274)</u>
Estimated Remaining Reserve Balance	\$6,476

(Dollars in thousands)

UNCOMMITTED SPECIFIC PURPOSE RESERVES

	Est Bal <u>6/30/10</u>	Recom'd <u>Allocation</u>	Est. Bal <u>7/1/10</u>	Policy <u>Bal</u>
• GF Reserve:	\$ 22,670	-0-	22,670	22,595
• Budget Contingency:	7,750	(1,146)	6,604	6,604
• Capital Improvement:	6,011	-0-	6,011	5,000
• Open Space Acquisition:	1,822	-0-	1,822	1,822
• Strategic Prop Acquis:	12,379	-0-	12,379	12,379

(Dollars in thousands)

LIABILITY RESERVES

	Est. Bal <u>6/30/10</u>	Recom'd <u>Allocation</u>	Est. Bal <u>7/1/10</u>	Policy <u>Bal</u>
• GF Property Mgmt:	\$ 1,600	-0-	1,600	1,600
• Graham Site Maint:	1,000	-0-	1,000	1,000
• Child Care Ctr Financing:	1,450	-0-	1,450	1,575
• Compensated Absences:	8,650	2,000	10,650	9,921 ⁽¹⁾
• GF PERS Liability:	200	-0-	200	200
• Equipment Replacement:	13,251	-0-	13,251	14,144
• Workers' Comp.	5,367	(525)	4,842	4,443 ⁽²⁾
• Unemployment	269	-0-	269	269
• Liability Self-Insurance:	3,515	525	4,040	3,639 ⁽²⁾

(Dollars in thousands) ⁽¹⁾ As of June 30, 2009 ⁽²⁾ Actuarial Liability₂₃

RETIREEES' HEALTH RESERVE

	Est. Bal <u>6/30/10</u>	Recom'd <u>Allocation</u>	Est. Bal <u>7/1/10</u>	Policy <u>Bal</u>
Retirees' Health Ins.:	50,099	-0-	50,099	72,302 ⁽¹⁾

Reserve is now held in the California Employers Retirement Benefit Trust (CERBT) managed by CalPERS.

⁽¹⁾Actuarial Liability

(Dollars in thousands)

UPDATES TO THE PROPOSED BUDGET

- Rebudget - Water Distribution Dump Truck Reconfiguration (Capital Outlay) \$ 31,000
- Rebudget - Golf Rotary Rough Mower, Golf Spray Rig, and Golf Heavy Utility Vehicle (Equipment Replacement) \$ 106,000
- Additional Downtown Family Housing Project (if prevailing wage) \$ 1,062,000

OTHER GENERAL FUNDS

GENERAL FUND - BUILDING SERVICES

	2008-09	2009-10	2009-10	2010-11
	<u>Audited</u>	<u>Adopted</u>	<u>Estimated</u>	<u>Proposed</u>
Revenues	\$ 2,810	2,866	3,188	3,193
Expenditures	(2,821)	(3,460)	(2,912)	(3,381)
Operating Balance	(11)	(594)	276	(188)
Retirees' Health UAAL	(262)	(388)	(388)	-0-
Capital Projects	<u>-0-</u>	<u>(50)</u>	<u>(50)</u>	<u>(200)</u>
Excess (Deficiency)	(273)	(1,032)	(162)	(388)
Beginning Balance	<u>5,515</u>	<u>5,242</u>	<u>5,242</u>	<u>5,080</u>
Ending Balance	\$ 5,242	4,210	5,080	4,692

(Dollars in thousands)

GENERAL FUND - SHORELINE GOLF LINKS

	2008-09 <u>Audited</u>	2009-10 <u>Adopted</u>	2009-10 <u>Estimated</u>	2010-11 <u>Proposed</u>
Revenues	\$ 3,265	3,267	3,088	3,205
Expenditures	(<u>3,702</u>)	(<u>4,069</u>)	(<u>3,640</u>)	(<u>4,018</u>)
Excess (Deficiency)	(437)	(802)	(552)	(813)
Beginning Balance	<u>1,828</u>	<u>1,391</u>	<u>1,391</u>	<u>839</u>
Ending Balance	\$ 1,391	589	839	26

(Dollars in thousands)

SPECIAL FUNDS

REVITALIZATION AUTHORITY FUND

	2008-09	2009-10	2009-10	2010-11
	<u>Audited</u>	<u>Adopted</u>	<u>Estimated</u>	<u>Proposed</u>
Revenues	\$ 5,347	4,883	5,253	5,020
Expenditures	<u>(3,181)</u>	<u>(3,247)</u>	<u>(3,285)</u>	<u>(4,055)</u>
Operating Balance	2,166	1,636	1,968	965
Loan Repayment	1	-0-	-0-	-0-
SERAF	-0-	-0-	(1,670)	(345)
Retirees' Health UAAL	(68)	(39)	(39)	-0-
Capital Projects	<u>(225)</u>	<u>-0-</u>	<u>(50)</u>	<u>225</u>
Excess (Deficiency)	1,874	1,597	209	845
Beginning Balance	4,643	6,517	6,517	6,726
Bond Proceeds	<u>(100)</u>	<u>(119)</u>	<u>(136)</u>	<u>(154)</u>
Ending Balance	\$ 6,417	7,995	6,590	7,417
(Dollars in thousands)				

SHORELINE REGIONAL PARK (NORTH BAYSHORE) COMMUNITY FUND

	2008-09 <u>Audited</u>	2009-10 <u>Adopted</u>	2009-10 <u>Estimated</u>	2010-11 <u>Proposed</u>
Revenues	\$25,536	25,242	30,857	28,905
Expenditures	(18,517)	(18,772)	(18,565)	(18,676)
Operating Balance	7,019	6,470	12,292	10,229
General Plan Update	(1,064)	-0-	-0-	-0-
Retirees' Health UAAL	(1,213)	(574)	(574)	-0-
Capital Projects	(12,805)	(2,945)	(3,345)	(796)
Excess (Deficiency)	(8,063)	2,951	8,373	9,433
Beginning Balance	21,933	13,870	13,870	22,243
Strat Inv/Prop Acquis Res	-0-	-0-	-0-	(10,000)
Ending Balance	\$13,870	16,821	22,243	21,676

(Dollars in thousands)

UTILITY FUNDS

WATER FUND

(Dollars in thousands)

	2008-09 <u>Audited</u>	2009-10 <u>Adopted</u>	2009-10 <u>Estimated</u>	2010-11 <u>Proposed</u>
Revenues	\$ 19,937	20,665	19,897	21,107
Expenditures	(16,221)	(18,281)	(17,263)	(19,183)
Base Level CIPs	<u>(1,377)</u>	<u>(1,753)</u>	<u>(1,753)</u>	<u>(1,534)</u>
Operating Balance	2,339	631	881	390
Retirees' Health UAAL	(396)	(1,216)	(1,216)	-0-
Additional CIPs	<u>(418)</u>	<u>(1,667)</u>	<u>(1,667)</u>	<u>-0-</u>
Excess (Deficiency)	1,525	(2,252)	(2,002)	390
Beginning Balance	8,798	10,323	10,323	8,321
Reserves	<u>(5,431)</u>	<u>(6,165)</u>	<u>(6,165)</u>	<u>(6,170)</u>
Ending Balance	\$ 4,892	1,906	2,156	2,541

WASTEWATER FUND

(Dollars in thousands)

	2008-09 <u>Audited</u>	2009-10 <u>Adopted</u>	2009-10 <u>Estimated</u>	2010-11 <u>Proposed</u>
Revenues	\$ 14,966	14,874	15,006	14,851
Expenditures	(13,029)	(13,637)	(10,938)	(12,880)
Base Level CIPs	<u>(1,589)</u>	<u>(1,597)</u>	<u>(1,597)</u>	<u>(1,633)</u>
Operating Balance	348	(360)	2,471	338
Retirees' Health UAAL	(32)	(180)	(180)	-0-
Additional CIPs	<u>59</u>	<u>(68)</u>	<u>(68)</u>	<u>59</u>
Excess (Deficiency)	375	(608)	2,223	397
Beginning Balance	8,811	9,186	9,186	11,409
Reserves	<u>(5,984)</u>	<u>(5,983)</u>	<u>(5,983)</u>	<u>(6,042)</u>
Ending Balance	\$ 3,202	2,595	5,426	5,764

SOLID WASTE MANAGEMENT FUND

(Dollars in thousands)

	2008-09	2009-10	2009-10	2010-11
	<u>Audited</u>	<u>Adopted</u>	<u>Estimated</u>	<u>Recom'd</u>
City Revenues	\$ 8,918	9,873	9,264	10,042
Recology Revenues	<u>10,784</u>	<u>11,033</u>	<u>10,498</u>	<u>11,152</u>
Total Revenues	<u>19,702</u>	<u>20,906</u>	<u>19,762</u>	<u>21,194</u>
City Expenditures	8,633	9,856	10,000	10,222
Recology Payments	<u>10,784</u>	<u>11,033</u>	<u>10,498</u>	<u>11,152</u>
Total Expenditures	<u>19,417</u>	<u>20,889</u>	<u>20,498</u>	<u>21,374</u>
Operating Balance	285	17	(736)	(180)
Retirees' Health UAAL	(31)	(53)	(53)	-0-
Capital Projects	<u>(5)</u>	<u>(493)</u>	<u>(493)</u>	<u>(423)</u>
Excess (Deficiency)	(249)	(529)	(1,282)	(603)
Beginning Balance	4,995	5,244	5,244	3,962
Reserves	<u>(2,395)</u>	<u>(2,464)</u>	<u>(2,464)</u>	<u>(2,589)</u>
Ending Balance	\$ 2,849	2,251	1,498	770

SUMMARY OF RECOMMENDED UTILITY RATE INCREASES

- Water – Proposed 5.0 percent rate increase
 - \$1.64/month increase for 250 gal/day
- Wastewater – Proposed 0.0 percent rate increase
 - no increase for a single-family residence
- Solid Waste – Proposed 8.0 percent rate increase
 - \$1.40/month increase for one 32-gallon can

UTILITY RATE COMPARISON

SINGLE FAMILY RESIDENTIAL

	<u>Water</u> ²	<u>Sewer</u>	<u>Trash</u> ³
<u>Mountain View</u> ¹			
Current	\$32.74	\$24.20	\$17.55
Proposed	34.38	24.20	18.95
Proposed Increase	5.0%	0.0%	8.0%
<u>Palo Alto</u>			
Current	49.52	24.65	31.00 ⁴
Proposed	49.52	24.65	31.00
Proposed Increase	0.0%	0.0%	0.0%
<u>Sunnyvale</u>			
Current	29.18	27.97	26.70 ⁴
Proposed	31.37	29.23	28.70
Proposed Increase	7.5%	4.5%	7.5%

1) Cal Water – Current rate \$39.28, proposed rate \$42.43 (8.0%)

2) Based on 250 gallons per day 3) Based on one 32 gallon container

4) Weekly recycling included in rate

CAPITAL IMPROVEMENT PROJECTS

- Total \$17.8 Million
 - Annual Projects \$7.8 Million
 - Amended Projects -\$1.3 Million
 - New Projects \$11.3 Million
 - Facilities Projects \$295,000
 - Solid Waste Projects \$200,000
 - Streets and Sidewalks Projects \$1.2 Million
 - Parks and Recreation Projects \$9.3 Million
 - Athletic Field, Construction \$9.2 Million
 - Transportation Projects \$275,000

EQUIPMENT REPLACEMENT (\$3.8M)

- Computer Equipment: \$1.0 M
 - Desktop Software Licenses - \$262,600
 - Other Computer Equipment Replacement - \$485,400 (\$173,800 rebudgeted)
 - CAD/RMS Replacement - \$276,300 (all rebudgeted)
- Communications Center: \$459,500 (\$275,500 rebudgeted)
- Police Radio Equipment: \$455,800 (\$300,500 rebudgeted)
- Golf Equipment: \$477,200 (\$116,500 rebudgeted)
- Vehicles: \$1.4 M
 - Emissions Related Replacements - \$850,000 (\$610,000 rebudgeted)
 - Emergency Generators, Pumps & Compressors - \$490,000 (rebudgeted)
 - Mowers, Tractors & Grinders - \$360,000 (\$120,000 rebudgeted)
 - Patrol Cars - \$185,000
 - Other Vehicle Replacements - \$390,000 (\$120,000 rebudgeted)

TOTAL FISCAL YEAR 2010-11 PROPOSED BUDGET

	<u>Revenues</u>	<u>Expenditures</u>
General Fund:		
General Operating Fund:	\$ 87,649	\$ 87,590
Building Services:	3,194	3,581
Shoreline Golf Links:	3,205	4,018
General Fund Reserves:	5,122	20,175
Special Revenue Funds:	42,379	40,389
Capital Improvement Funds (excl CIPs):	387	1,123
Enterprise (Utility) Funds:	46,001	48,702
Internal Service Funds:	<u>13,899</u>	<u>14,630</u>
Total All Funds:	\$ 201,836	\$ 220,208

(Dollars in Thousands)

NEXT STEPS

- Tonight:
 - “Straw Vote” on Budget as Amended
- June 22nd Council Meeting:
 - Budget Adoption

STRAW VOTES

- FY 2010-11 City of Mountain View Proposed Operating Budget
- FY 2010-11 Mountain View Revitalization Authority Proposed Budget
- FY 2010-11 Mountain View Shoreline Regional Park Community Proposed Budget
- FY 2010-11 City of Mountain View Capital Improvement Financing Authority
- FY2010-11 Adopted CIP Funding
- Miscellaneous Fee Modifications